

# **EXHIBIT A**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION  
Civil Action No.: 3:11-CV-129**

**JOSEPH SAVITSKIE, individually and on  
behalf of all persons similarly situated,**

**Plaintiff(s),**

**v.**

**ZENTA MORTGAGE SERVICES, LLC,**

**Defendant.**

**DECLARATION OF LYNN GRICH**

Pursuant to 28 U.S.C. § 1746, I, Lynn Grich, declare as follows:

1. I am an adult resident of York County, South Carolina, am not incompetent, and have personal knowledge of the facts set forth herein.
2. I am currently employed as Vice President-Director of Credit Risk of Zenta Mortgage Services, LLC (“Zenta”), and have served in that position since March 2009. In that role, I am responsible for developing and implementing services for Zenta’s lending clients, including mortgage lenders. I am familiar with the mortgage underwriting services Zenta provides to its customers, the training Zenta provides to underwriters, and the duties those underwriters perform.
3. Zenta is a financial services outsourcing company that provides mortgage origination, servicing, administration, and loss-mitigation services to residential mortgage lenders and other financial institutions. The services Zenta provides to its customers include mortgage underwriting services. Though Zenta provides outsourcing services to mortgage

lenders and other financial institutions, Zenta is neither a mortgage broker nor lender. Zenta is not in the business of selling loans.

4. Zenta uses the phrase "mortgage underwriter" to describe employees who provide several different types of services to Zenta's customers. While mortgage underwriters are generally involved in the analysis of loan applications to determine if the risk of providing loans to potential borrowers is acceptable to Zenta's customers, the duties of individual mortgage underwriters vary depending on (i) the customer for whom the underwriter works; (ii) the customer's credit policies and lending guidelines; (iii) types of loans with which the underwriter deals; and (iv) the seniority, credit authority, and certifications of the individual underwriter. Thus, not all mortgage underwriters have the same job responsibilities or perform the same duties.

5. Generally, in order to decide whether to underwrite, and thus approve, a loan, underwriters must thoroughly analyze information regarding the potential borrower's income, assets, investments, debts, and credit history, as well as the value of the collateral provided by the borrower. Underwriters use this information to evaluate the risk presented by the borrower's unique financial circumstances. Then, after such analysis, the underwriter must determine whether the potential borrower qualifies for the loan product for which he or she has applied and whether the loan meets the customer's credit policy and underwriting guidelines. As part of his or her analysis, an underwriter is required to determine whether other products offered by the lender better fit a potential borrower's needs and suggest those alternatives for the loan officer to present to the borrower. While underwriters use guidelines and tools to help them with this process, each borrower's financial situation is different, and underwriters must exercise significant discretion and judgment in order to make sound decisions regarding the

creditworthiness of each applicant. Moreover, no set of guidelines can cover every situation. Instead, an underwriter's job is to interpret those guidelines and apply them to the situation presented in each individual loan file.

**Variations Among Mortgage Underwriters' Duties Based on Customer**

6. Zenta divides its mortgage underwriters into separate departments assigned to each of its underwriting customers. Since it was formed in June 2009, Zenta has provided mortgage underwriting services to four customers: (i) Citibank, N.A. ("Citibank"); (ii) PHH Corporation ("PHH"); (iii) United Services Automobile Association ("USAA"); and (iv) United Guaranty Services, Inc. ("United Guaranty").

7. During the time that he was employed by Zenta, Plaintiff Joseph Savitskie was an underwriter for Citibank. Angela Mack and Randall Neal Spivey were also underwriters for Citibank. Antoinette Gross was an underwriter for PHH.

8. The nature of the work Zenta performs for its underwriting customers varies depending on the terms of those customers' separately-negotiated service agreements with Zenta, each of which contains a separate scope of work. For instance, some customers, such as Citibank and USAA, contract with Zenta for "end-to-end" loan origination services. This means that Zenta not only provides underwriting services to these clients, but also processes loan applications before they are reviewed by underwriters and closes loan applications once the underwriting decision is made. By contrast, United Guaranty contracts with Zenta to provide underwriting as a separate "component" service and does not contract with Zenta for loan processing or closing. United Guaranty does this because it offers mortgage insurance, not mortgage loans, and uses underwriting services to confirm that a potential loan meets the

underwriting guidelines of its 28 correspondent lenders and that the mortgage meets standards for sale on the secondary market.

9. Zenta's customers define the duties and responsibilities of the underwriters who work for them. When customers contract with Zenta for mortgage underwriting services, they provide Zenta job descriptions that define an underwriter's duties and responsibilities, which Zenta then uses to recruit and hire underwriters for that customer's department.

10. Once Zenta hires underwriters for a customer's department, the customer—not Zenta—trains those underwriters. The length, depth, and subject matter of that training varies from customer to customer. Depending on the customer, an underwriter's initial training may last anywhere from a week and a half to more than a month. Moreover, because each customer offers different mortgage products and uses different underwriting guidelines, an underwriter's training may include mortgage basics, technology and software utilization, guideline training, job aid training, as well as training on a customer's various mortgage products and credit policies. In addition, the training may be dictated by a set curriculum, such as Citibank's CORE Credit program. Customers also set criteria for assessing an underwriter's performance and determining whether an underwriter is qualified to underwrite loans on the customer's behalf.

11. The duties and responsibilities of mortgage underwriters differ depending on the type of mortgage loans or other financial products that a customer offers. For instance, underwriters who work for Citibank underwrite both conforming and "non-conforming" loans, which are loans that do not meet the loan limits set by the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal National Mortgage Association ("Fannie Mae") and thus do not qualify for sale to those agencies on the secondary mortgage market. Underwriting non-conforming loans adds an additional level of complexity because the underwriter must

identify "compensating factors," such as greater personal assets or investment income, that offset the increased risk posed by the loan. Not all customers offer non-conforming loans.

12. The job duties of mortgage underwriters who work for United Guaranty differ from those who work for Zenta's other customers. United Guaranty is not a lender, but instead is a provider of mortgage insurance. Mortgage insurance is an insurance product that protects a lender against possible default by a borrower. Lenders typically require borrowers to purchase mortgage insurance when the amount of a mortgage loan exceeds eighty-percent (80%) of the collateral's value. Accordingly, loans involving mortgage insurance generally present a greater degree of risk than other loans.

13. Underwriters who work for United Guaranty receive loan applications from approximately 28 correspondent lenders with which United Guaranty does business. These underwriters review those loan applications to ensure that they not only meet the correspondent lender's underwriting guidelines but also the applicable standards for sale on the secondary mortgage market. For this reason, underwriters who work for United Guaranty must become familiar with a greater variety of mortgage products and underwriting guidelines than underwriters who work for other customers.

14. The loan applications Zenta's underwriters receive from United Guaranty have already been underwritten by United Guaranty's correspondent lenders. Accordingly, underwriters who work for United Guaranty perform a quality control function, ensuring that the loans underwritten by the correspondent lenders meet the applicable underwriting guidelines, qualify for mortgage insurance, and are eligible for sale on the secondary market. In order to perform that function, these underwriters must analyze loan applications to identify issues that other underwriters may have missed. Due to their role, underwriters who work for United

Guaranty frequently spend time advising correspondent lenders about the applicable underwriting guidelines, mortgage insurance guidelines, and secondary market standards.

15. The tools, software, and underwriting guidelines that an underwriter uses to assess the creditworthiness of potential borrowers differ from customer to customer. Each customer establishes its own underwriting guidelines and credit policies concerning the loans it will accept. In addition, each customer uses its own “Loan Origination System” (“LOS”), which is a software tool that helps underwriters analyze and evaluate a potential borrower’s creditworthiness in light of the customer’s underwriting guidelines. Thus, the information that an underwriter has to identify, verify, and evaluate differs from customer to customer. The specificity and flexibility of the underwriting guidelines also varies from customer to customer and from mortgage product to mortgage product.

16. As part of its service agreements, each of Zenta’s customers establishes its own quality control measures and sets its own requirements concerning the quality control scores underwriters must maintain. Accordingly, expectations regarding an underwriter’s productivity and proficiency—as well as any corresponding incentive plans—are a product of the individual customer’s requirements and are not uniform from customer to customer.

#### **Other Variations Amongst Underwriter’s Duties and Responsibilities**

17. The duties and responsibilities of Zenta’s mortgage underwriters vary depending on the type of loan products that they evaluate and underwrite. Some underwriters, especially those that are more junior, may deal primarily with conforming loans or refinancings. On the other hand, more senior underwriters may evaluate and underwrite more complex loans, such as non-conforming loans, jumbo loans, or loans to borrowers that are self-employed. Underwriting these types of loans is more difficult and requires underwriter to evaluate a greater range of

information about a potential borrower than conventional loans. For instance, in order to evaluate the creditworthiness of a potential borrower who is self-employed, an underwriter must assess information about the profitability of potential borrower's business, personal assets, and investments.

18. Whether an underwriter has authority to underwrite more complex loans on behalf of a customer, such as non-conforming loans, jumbo loans, and loans to self-employed borrowers, depends on the underwriter's experience, seniority, and certifications. Each customer establishes requirements that an underwriter must meet in order to have authority to underwrite each particular type of loan. Underwriters are responsible for meeting these requirements and attaining the necessary authority to underwrite the types of loans which they handle on the customer's behalf. Further, each underwriter may or may not have certain certifications required to underwrite specific categories of loans, such as Federal Housing Administration ("FHA") loans.

19. Underwriters typically work in teams of 13-24, headed by an underwriter who serves as a "team lead." Team leads, who are more senior underwriters, are responsible for managing workflow among the underwriters on their team and for ensuring the quality of the underwriting decisions made by their team members. Each morning Team Leads meet with the director of their customer's department to discuss matters concerning the status of loan applications received from the customer, personnel, coordination of workflow, and other management issues. Team leads are responsible for reviewing the work of underwriters on their team, identifying areas where those underwriters may require additional training, and implementing that training if necessary. Team leads serve as mentors to more junior underwriters and frequently field questions about more complex loans. Further, day-to-day

decisions regarding staffing and the allocation of work flow within teams are regularly made by the Team leads.

20. Some underwriters, typically those who are the most senior, serve on an internal audit team which is responsible for reviewing the work of other underwriters who work at Zenta, identifying areas where underwriters may need additional training and assistance, and implementing that training if necessary. As with the team leads, members of the audit team serve as mentors to more junior underwriters and frequently field questions regarding more complex loans.

21. Each underwriter is given relative autonomy to perform his or her work, and thus the manner in which each underwriter performs her job and the time she spends on any one given task varies from underwriter to underwriter. Many underwriters develop their own process for reviewing loan applications, and develop their own rubrics for identifying, collating, and analyzing the information contained in the loan application file. For instance, underwriters are required to provide a narrative justification explaining their decision whether to underwrite each loan application, which is recorded in the loan file. Many underwriters have developed systems for noting relevant issues and information as they review the application and which they then use to generate those justifications for inclusion in the loan file.

22. I declare under penalty of perjury that the foregoing is true and correct.

This the 19 th day of July, 2011.

  
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Lynn Grich